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SUBJECT: DEMARCHE REQUEST: NATO BUDGET CEILINGS

REF: SECSTATE 132389

1. (SBU) Reftel points were delivered to MFA DAS-equivalent director for Strategic Affairs Francois Carrel-Billiard and NATO budget and personnel desk officer Xavier Chatel and separately to MOD deputy diplomatic advisor in the Minister's Cabinet Camille Grand on the 18th and 19th of July respectively.

2. (SBU) On July 19 poloff spoke with Chatel about them. Chatel offered much background and few specifics as to France's position on the NATO military budget, saying that a lot of the budgetary decision-making that is currently taking place is aimed at remedying the economic and budgetary situation in individual EU countries. It is not intended to lessen the significance of NATO, he said, but rather to balance national and European budgets. Because of this, he suggested, economic austerity is needed, adding that strong pressure to contribute to a robust NATO budget will not serve to remedy the deficits that several EU countries are forced to deal with.

3. (SBU) Chatel affirmed that the French share President Bush's belief that NATO is and should be a "performance based organization" and as such he said that NATO must strive to find ways to enhance its capabilities while cutting costs and red-tape. Certain programs that the French absolutely support, such as the NATO Reaction Force (NRF), need to be developed, he said, and France will continue to support it. He assured that the French recognize the importance of such projects and will not allow them to fall through the cracks because of budgetary shortfalls.
STAPLETON